

Bureau of Near Eastern and Asian Affairs
US Department of State

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This report provides weekly updates in the seven key areas identified as pillars of US government policy in Iraq.

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Highlights



1.0 Transition to Security Self-Reliance

 Iraqi Border Police intercepted approximately 20 insurgents attempting to enter the country from Iran on July 20. The police also recovered improvised explosive device-making materials, including detonators, shape charges, 228 pounds of TNT, and 240 pounds of C4 explosive.

2.0 Support a Free and Democratic Iraq

- US Ambassador Zalmay Khalilzad arrived at Embassy Baghdad on July 23.
- On July 21, the Transitional National Assembly approved the constitutional law for the October referendum. The draft constitution will be ratified if a majority of the voters in Iraq approve and if two-thirds of the voters in three or more governorates do not reject it.

3.0 Provide Essential Services

 The Government of Iraq will terminate licenses of Iraq's three mobile operators by December. The Ministry of Communications has reaffirmed its pledge to open a fully competitive bidding process in which the incumbents would participate on equal terms with other bidders.

4.0 Establish Foundation for a Strong Economy

 On July 25, the ITG Cabinet approved an agreement with Iraq's commercial creditors to repay commercial creditors holding under \$35 million in cash at a deep discount.
 Larger creditors will be offered a choice of bonds or a syndicated loan.

Highlights



5.0 Promote the Rule of Law

• The Criminal Court in Kut issued a death sentence on July 19 to terrorist Butras Shujairi, who was convicted of murder after Shujairi confessed. During his confession, he said that he belonged to Al Tawid Al Jihad (Zarqawi's predecessor group).

6.0 Maintain International Engagement and Support

 On July 25, Iraqi Prime Minister Ibrahim al-Ja'afari held talks with visiting Australian Prime Minister John Howard in Baghdad. The talks centered on the means of enhancing ties. The two leaders also reviewed the ongoing political process in Iraq. Howard, who arrived in Baghdad on a surprise visit, also inspected the 900 Australian troops deployed to southern Iraq.

7.0 Promote Strategic Communications

 The US Embassy in Baghdad reached an agreement with the Al-Salam Peace and Development Center for Federalism Studies, a NGO headed by Judge Wa'el Abdel Latif, to produce a four-page newspaper insert in Al-Salam newspaper focusing on the various aspects of democracy.

[1.0] Transition to Security Self-Reliance – Iraqi Security Forces



Iraqi Security Forces Update:

- The Iraqi Police Service graduated 177 police officers from advanced and specialty courses at the Adnan Training Facility on July 21. The courses consisted of Basic Criminal Investigations, First Line Supervision, Counter Terrorism Investigations, Violent Crime Investigation, as well as Interview and Interrogation.
- On July 21, 938 Iraqi police officers graduated from the Baghdad Police College. The comprehensive program consisted of general policing topics with a heavy emphasis on tactical policing skills. The new officers will report for duty in the coming weeks as they assume assignments at police stations throughout Iraq.
- Iraqi Border Police intercepted approximately 20 insurgents attempting to enter the country from Iran on July 20. The police also recovered a significant amount of improvised explosive device-making materials, including detonators, shape charges, 228 pounds of TNT, and 240 pounds of C4 explosive.

[1.0] Transition to Security Self-Reliance – Iraqi Security Forces



Ministry of Interior Forces

COMPONENT	TRAINED & EQUIPPED
POLICE	~ 64,100
HIGHWAY PATROL	~ 64,100
OTHER MOI FORCES	~ 30,700
TOTAL	~ 94,800*

Ministry of Defense Forces

COMPONENT	OPERATIONAL
ARMY	~ 78,200
AIR FORCE	~ 200
NAVY	~ 700
TOTAL	~ 79,100**

Total Trained & Equipped ISF:

~ 173,900

- * Ministry of Interior Forces: Unauthorized absences personnel are included in these numbers
- ** Ministry of Defense Forces: Unauthorized absences personnel are not included in these numbers

[2.0] Support a Free and Democratic Iraq – Developments



Constitution Update:

- On July 21, the Transitional National Assembly approved the constitutional law for the October referendum. An important provision of the law is the yes-no voting system, with the ballot question, "Do you approve of the draft constitution? Yes or No?" The draft constitution will be ratified if a majority of the voters in Iraq approve and if two-thirds of the voters in three or more governorates do not reject it.
- Sunni Arab members of the Constitution Drafting Committee rejoined the constitution-drafting process in full on July 26, after the Iraqi Transitional Government (ITG) took steps to ensure their safety.

[2.0] Support a Free and Democratic Iraq – Developments



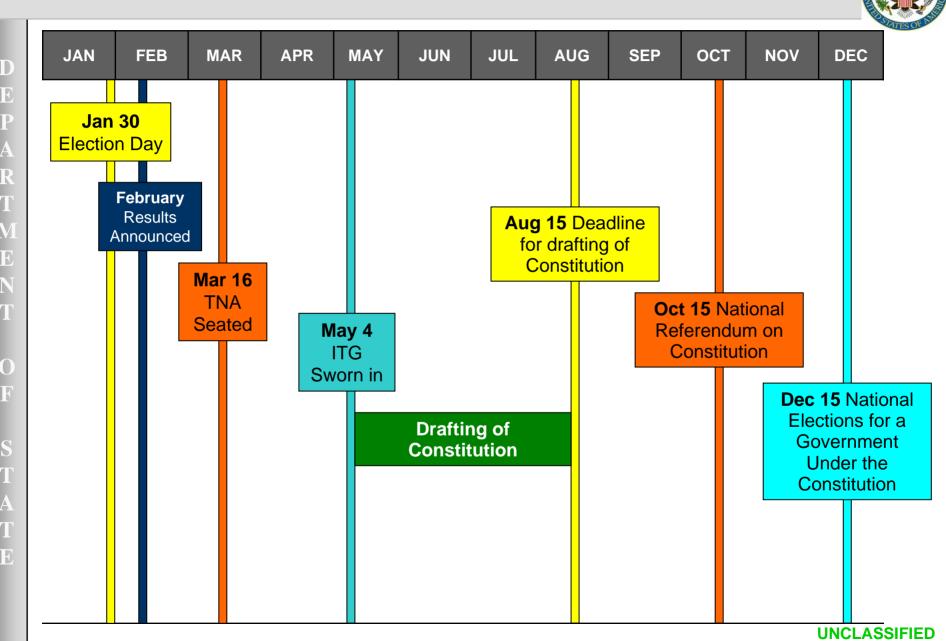
<u>Transitional National Assembly (TNA) Update:</u>

- USAID provided training to 42 TNA members on the legislative drafting process.
 Training topics included creating and introducing a bill, its reading stages, the supporting role played by the legal staff, the form and content of a law, legislative reviews; the role and use of amendments, and reasons why public input is important to the overall legislative process.
- USAID also provided training to 37 TNA members on advocacy and lobbying for legislators working in a democratic system. USAID civil society representatives led discussions examining advocacy and lobbying at the family, community, regional, national, and international level—but more specifically at the governmental level. Discussions focused on ways advocacy campaigns work, who they involve, and methods that may be used to achieve specific results.

Continuing TNA Responsibilities:

- Serve as Iraq's national legislature until the election of a new government under a permanent constitution.
- According to the Transitional Administrative Law, the TNA is to draft Iraq's new Constitution by August 15, 2005; this will be presented to the Iraqi people for their approval in a national referendum by October 15, 2005.
- If it is approved, an election for a permanent Iraqi government under that new Constitution will occur by the end of 2005.

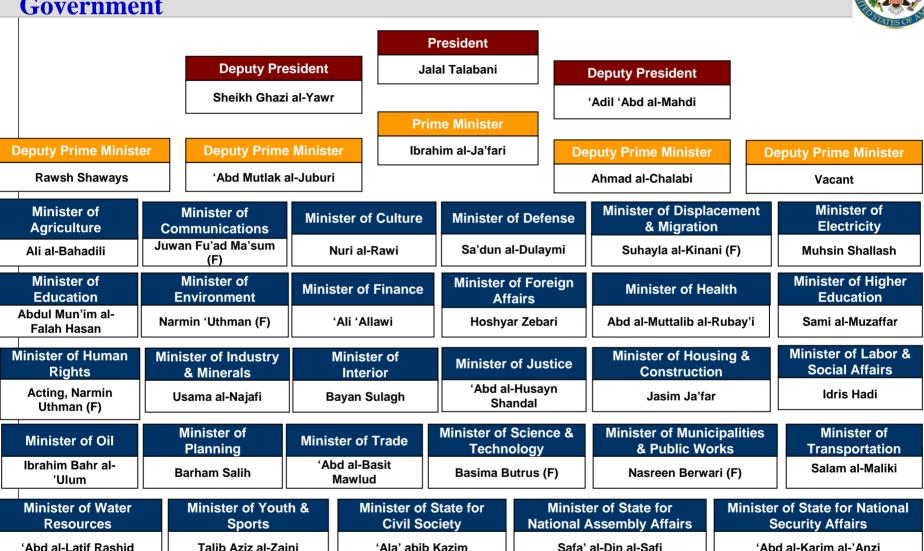
[2.0] Support a Free and Democratic Iraq – Electoral Process Timeline



[2.0] Support a Free and Democratic Iraq - Iraqi Transitional



Government



Minister of State for **Provinces**

Sa'd al-Hardan

Minister of State for **Tourism and Antiquities** Hashim al-Hashimi

Minister of State for Women's Affairs Azhar al-Shaykhli (F)

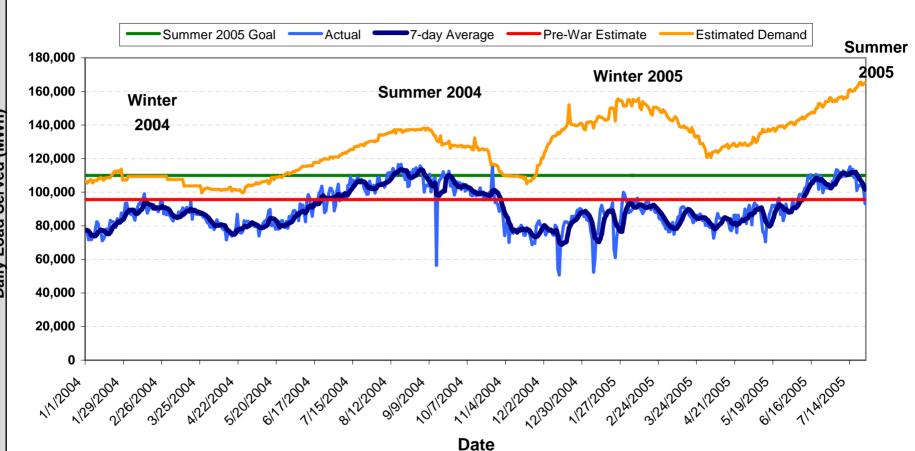
(F) = Female

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[3.0] Provide Essential Services – Electricity Overview



Daily Electricity Supplied and Estimated Demand in Iraq Since January 2004



- Average daily electricity service declined in the last week (July 19 25) to 101,600 MWh with an increase in unplanned plant outages and continued insurgent attacks on the high voltage network.
- Average hours of available power correspondingly dropped to 8.6 hours in Baghdad and 11.6 nationwide.
- Demand continues to be at record levels.

[3.0] Provide Essential Services – Water and Sanitation and

Telecommunications

Water and Sanitation:

- Damage to the al-Karkh water treatment plant due to insurgent attacks has been repaired.
- The Project Contracting Office (PCO) has 70 water treatment projects underway and has completed 63 to date. Under the Accelerated Iraq Reconstruction Program (AIRP), there are a further seven water treatment projects under construction and 44 have been completed. Total water treatment capacity to be added from PCO projects is approximately 1.0 million cubic meters per day.
- USAID is providing a grant to four Iraqi villages to clean irrigation canals that had not been maintained in three years. The Ministry of Agriculture (MoA) and USAID's Agriculture Reconstruction and Development Initiative (ARDI) program will provide farmers with canal cleaning training, equipment, and wages for their work. The farmers will clean 9,500 meters of canal serving 625 hectares of land benefiting 150 families in four villages.

Telecommunications:

- The licenses of Iraq's three mobile operators will expire in December. The National Communications and Media Commission (NCMC) has opened fully competitive bidding process in which the incumbents would participate on equal terms with other bidders.
- As of July 20, there were 2,804,147 active cellular subscribers in Iraq. Landline telephone subscribers in Iraq have also increased to 997,675. Prior to Operation Iraqi Freedom, there were approximately 833,000 landline subscribers.
- The NCMC held its initial bidders conference in London on July 20-21.

[3.0] Provide Essential Services – Health Care



Health Care:

- Construction is underway on 141 new primary health care (PHC) facilities across Iraq. Thirteen projects have passed the 25 percent completion mark. Under the Accelerated Iraq Reconstruction Program (AIRP), an additional two PHCs are under construction and eight have been completed. The Project Contracting Office (PCO) has issued stop work orders on 20 PHCs to expand scope of effort on others.
- A total of 5,098 beds will be distributed to hospitals throughout Iraq between June and December. Once PCO delivers the beds to each governorate, the Director General of each governorate is charged with distributing the equipment to local hospitals based on need.
- Research Triangle Institute (RTI) and the Ministry of Health (MoH) developed a training course for primary health care physicians and staff. The 32-hour curriculum attended by physicians and nurses was designed to improve their clinical and management skills. This week, 25 medical professionals attended the course and were trained in nursing techniques.
- Project Hope briefed Secretary Rice on its efforts to raise funds for equipment and training for the Basrah Children's Hospital. Project Hope has committed to raising \$30m and has raised approximately \$9-10m to date, of which \$6m is in matching funds from GE Medical for purchase of GE equipment.

[3.0] Provide Essential Services – Education



Education:

- A total of 3,065 schools have been rehabilitated to date, and a further 776 are undergoing rehabilitation.
- PCO has completed 647 schools renovations to date and a further 63 are under construction. Under the AIRP, an additional 24 school renovations have been completed and 16 are underway.
- Training recently began for the master trainers under the teacher training initiative of USAID's basic education program. Twenty-five Iraqi master trainers are currently participating in a five-week training in Amman, Jordan, conducted by Hashemite University experts and international/regional consultants.
 - When finished, they will return to Iraq to train a core group of 440 teacher trainers in Iraq's 21 education directorates. These teacher trainers will then begin the process of training 50,000 teachers for grades 1 – 3.

[4.0] Establish Foundation for a Strong Economy – Agriculture and Job Creation



Agriculture:

• MOA/ARDI has initiated a program to introduce sorghum as a less expensive feed grain for the poultry industry. ARDI will procure hybrid varieties of sorghum from environments similar to those of Iraq to be planted in demonstration plots in ten governorates, thus testing the productivity of the varieties in all regions.

Employment Update:

• The following chart shows the number of Iragis employed by USG-administered projects

Employing Organization	Number of Iraqis Working Last	Number of Iraqis Working This	% Change on Week
PCO (Project and Contracting Office)	Week 29,993	Week 29,804	-0.6%
USAID	48,940	49,661	1.5%
AIRP (Accelerated Iraqi Reconstruction Program)	2,235	2,235	0.0%
MILCON (Military Construction)	425	447	5.2%
CERP* (Commanders' Emergency Response Program)	23,706	23,706	0.0%
MNSTC-I **	13,367	13,367	0.0%
IRRF NON-CONSTRUCTION	11,357	11,357	0.0%
GRAND TOTAL	130,023	130,577	0.4%

[4.0] Establish Foundation for a Strong Economy - Banking Sector



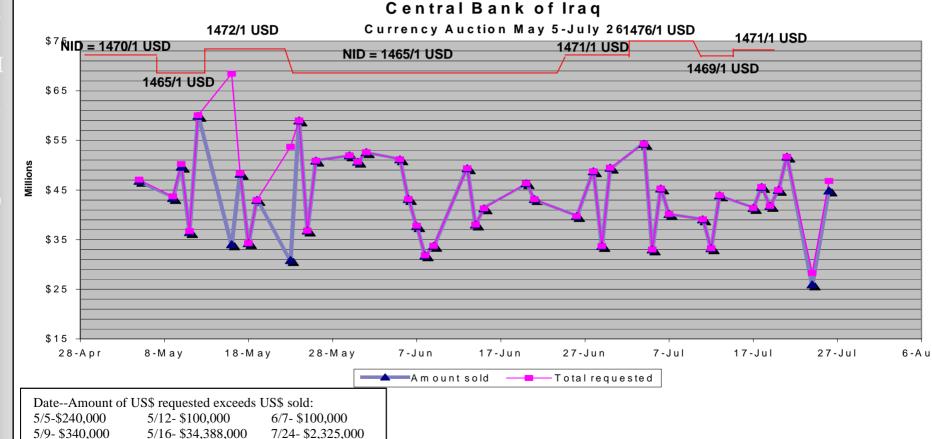
Central Bank's USD Currency Auction:

5/17-\$160,000

5/23-\$22,836,000

5/10- \$530,000 5/11- \$200,000 7/26-\$1,935,000

- The following table shows demand & supply for USD in the Iraqi currency auction from May 5 through July 26.
- The settlement price at the currency auction on July 26 was 1,476 dinars per USD. Nineteen banks requested \$46.82 million; CBI sold a total of \$44.88 million.



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[4.0] Establish Foundation for a Strong Economy



Oil Update:

- Crude oil prices in world markets for the week ending July 22 closed with the following prices:
 - Basra Light at \$50.70/barrel
 Dated Brent at \$56.74/barrel
 - Oman/Dubai at \$51.61/barrel
 WTI Cushing at \$56.62/barrel

Iraqi Stock Exchange:

- On July 25, the Iraqi Stock Exchange (ISX) traded 313,670,773 shares with a total trading volume of NID 1,725,470,505 (\$1,172,992).
 - The banking sector comprised the largest volume of trading. Seven banks traded 209,259,907 shares with a trading volume of NID 1,160,781,236 (\$789,110).
 - The industry sector comprised the second largest volume of trading. Nineteen companies in this sector traded 80,809,746 shares with a trading volume of NID 392,084,759 (\$266,543).

EX-IM Bank Approves \$180 Million Allocation under TBI Facility:

 On July 19, the US Export-Import Bank's Board unanimously approved a Letter of Credit (L/C) Insurance Policy for \$180 million for CoBank, a US Farm Credit System bank. The policy insures these L/Cs, which were issued by the Trade Bank of Iraq and confirmed by CoBank. These L/Cs will be used by the Iraqi Ministry of Trade Grain Board to purchase bulk agricultural commodities. Two \$27 million L/Cs and a \$54 million L/C are already in the pipeline, supporting US grain exports.

[4.0] Establish Foundation for a Strong Economy



<u>Iraq Announces a Debt Offer to Its Commercial Creditors</u>:

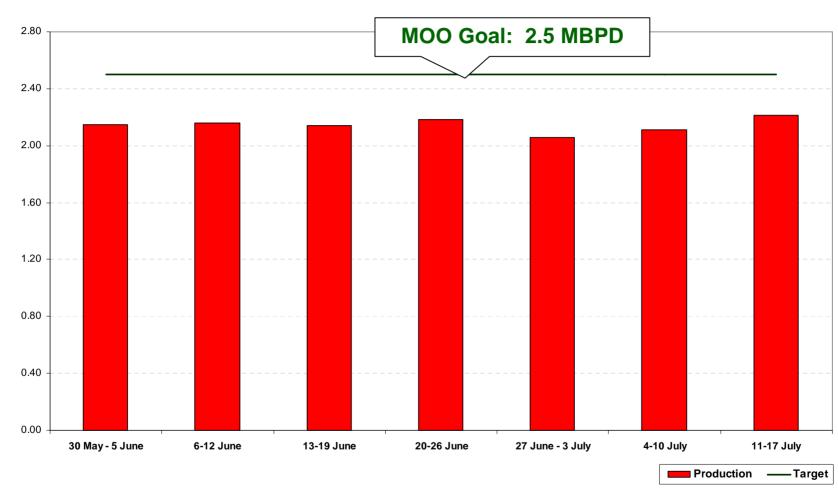
- The ITG announced a debt payment offer for its commercial creditors on July 26.
 Commercial creditors hold about \$20 billion of Iraq's total sovereign debt of \$124 billion.
- The agreement proposes to repay commercial creditors holding \$35 million or less in cash at a deep discount,10.25 percent, while larger creditors will be offered a choice of bonds or a syndicated loan-all designed to match Paris Club terms. The ITG plans to finance the cash portion through domestic borrowing from state-owned banks. In addition, the ITG will reopen the claims registration process.

<u>Iraq's National Development Strategy</u>:

- The ITG presented the newest version of the National Development Strategy (NDS) at the International Reconstruction Fund Facility for Iraq (IRFFI) Donor's Committee Meeting, which took place at the Dead Sea in Jordan on July 18-19. The NDS is intended to serve as the basis for reconstruction and reform of the Iraqi economy through 2007. It is also intended to facilitate donor coordination.
- The latest NDS recognizes four key drivers of prosperity: (1) strengthening the foundations of economic growth; (2) revitalization of the private sectors; (3) improvement of the quality of life; (4) strengthening good governance and security. It also emphasizes the participation of all regions of Iraq, and a departure from the former regime's centralization of economic management, to include the establishment of Regional Development Authorities to promote reconstruction and development at the regional level.

[4.0] Establish Foundations for a Strong Economy – Crude Oil Production

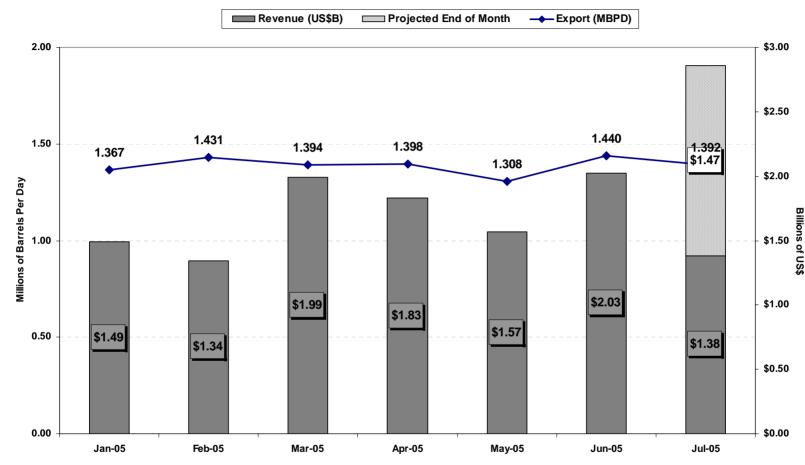




- Weekly Average (July 18-24) of 2.20 MBPD
- Pre-War Peak: 2.5 MBPD in Mar 2003
- Post-War Peak: 2.67 MBPD

[4.0] Establish Foundations for a Strong Economy – Crude Oil Export





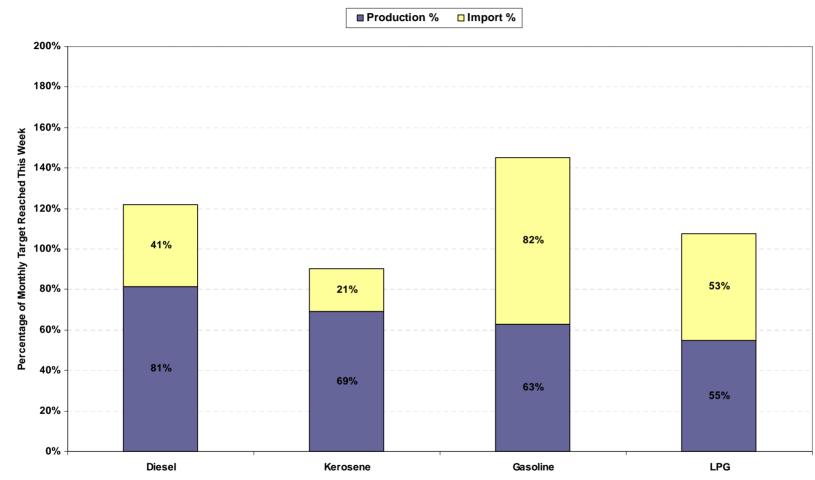
• 2003 Revenue: \$5,076.6 M

• 2004 Revenue: \$17,012.3 M

• 2005 Revenue: \$11,850.0 M (cumulative for 2005)

[4.0] Establish Foundations for a Strong Economy – Refined Products





Note: This chart represents the average percentage of daily target reached for the week of July 11-17

• Diesel: 22.0 ML of 18 ML

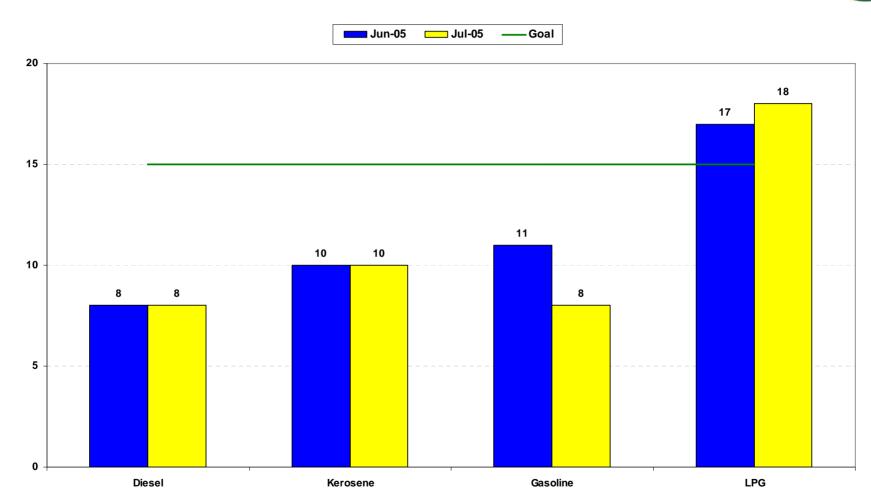
Kerosene: 4.9 ML of 5.4 ML

Gasoline: 26.1 ML of 18 ML

• LPG: 4,624 tons of 4,300 tons

[4.0] Establish Foundations for a Strong Economy – National Stock Levels





• The goal is for all refined products to be over 15 days worth of stocks at maximum consumption rates and does not represent seasonal change. The numbers given above are monthly averages.

[4.0] Establish Foundation for a Strong Economy –Financials from Iraq Relief and Reconstruction Fund (IRRF) 1 and IRRF 2

Data as of July 20, 2005

\$Millions				Committed		Obligated		Disbursed			
Sector	2207 Report	Apportion	Last Veek	Current	Change	Last Veek	Current	Change	Last Veek	Current	Char
Security and Law Enforcement	5,035.6	5,035.6	4,915.0	4,947.6	32.62	4,514.8	4,535.1	20.23	3,017.4	3,037.1	193
Electricity Sector	4,308.2	4,057.6	3,855.6	3,856.9	1.36	2,672.4	2,667.9	(4.53)	1,356.6	1,363.1	6.6
Oil Infrastructure	1,723.0	1,723.0	1,556.3	1,570.9	14.55	1,119.8	1,161.4	41.63	399.9	411.9	12
Justice, Public Safety and Civil Society	1,224.2	1,224.2	1,149.3	1,150.1	0.81	971.5	977.4	5.90	390.3	394.7	4.
Democracy	905.4	905.3	885.9	886.0	0.12	865.6	865.6	0.00	468.7	472.2	3.
Education, Refugees, Human Rights, Governance	363.0	363.0	331.9	332.0	0.03	308.3	308.3	0.00	116.0	117.5	1.
Roads, Bridges and Construction	355.2	355.2	306.1	333.0	26.92	208.3	208.5	0.21	120.1	120.5	0.
Health Care	786.0	786.0	752.6	755.2	2.58	553.5	580.8	27.29	132.2	148.4	16
Transportation and Communications	509.0	508.5	481.8	481.8	0.00	383.7	385.3	1.67	120.1	121.2	1
Water Resources and Sanitation	2,156.7	1,829.2	1,784.0	1,808.0	24.05	1,408.7	1,420.0	11.32	241.9	258.7	16
Private Sector Development	860.3	840.3	835.5	835.6	0.17	817.7	817.7	0.00	478.8	483.1	4
Admin Expense (USAID, STATE)	213.0	213.0	213.0	213.0	0.00	213.0	213.0	0.00	213.0	213.0	0.
TOTAL	18,439	17,840.9	17,067.0	17,170.2	103.21	14,037.2	14,140.9	103.72	7,054.9	7,141.4	86
IRRF 2 Construction		10,409.9	9,954.8	10,027.0	72.20	7,571.9	7,625.8	53.90	3,163.7	3,215.6	51
IRRF 2 Non-Construction		6,525.7	6,226.3	6,257.2	30.89	5,599.7	5,649.5	49.82	3,422.5	3,453.6	31
IRRF 2 Democracy		905.3	885.9	886.0	0.12	865.6	865.6	0.00	468.7	472.2	3
IRRF 1 Subtotal	2,473.3	2,473.3	2,473.3	2,473.3	0.00	2,473.3	2,473.3	0.00	2,406.6	2,406.6	0.
Grand Total IRRF 1 & 2	20,912.8	20,314.2	19,540.3	19,643.5	103.21	16,510.5	16,614.2	103.72	9,461.5	9,548.0	86

[5.0] Promoting the Rule of Law – Public Integrity and Anti Corruption



<u>Interior Ministry Investigates Assassination Of Sunni Constitution Committee</u> <u>Members</u>:

• A source in the Ministry of Interior said that "a special committee in the Ministry of Interior started investigating the assassinations of the Sunni members of the Constitution Committee." The special committee was formed on the order of the Minister of Interior, Baqr Jabr Al Zubaidi, to investigate the killing of Mijbil Al Sheikh Issa in Karada. The committee is headed by General Ali Ghalib, a Deputy of the Interior Ministry for Police Affairs, General Abdul Razzaq Abdul Wahabi, Police Chief of Baghdad, and Col. Adnan Ouda, the Chief of Major Crimes in Rasafa (northeastern half of Baghdad).

[6.0] Maintain Int'l Engagement & Support – Developments



International Support:

- On July 25, Iraqi Prime Minister Ibrahim al-Ja'afari held talks with visiting Australian Prime Minister John Howard in Baghdad. The talks centered on the means of enhancing ties. The two leaders also reviewed the ongoing political process in Iraq. Howard, who arrived in Baghdad on a surprise visit, also inspected the 900 Australian troops deployed in southern Iraq.
- On July 27 the Algerian Government condemned the murder of two of its diplomats who had been kidnapped in Baghdad, noting that those who carried out the murders could not claim to be Muslims or freedom fighters.
- On July 26, Iraqi Defense Minister, Saadoun al-Dulaimi, criticized Syria for ignoring Iraqi demands "to stop the infiltration of terrorists." Al-Dulaimi singled out Iraq's western neighbor as among states that must do more to stop the flow of militants into Iraq.

[6.0] Maintain Int'l Engagement & Support – Contributors to Iraqi Stability Operations

Data as of July 21, 2005

27 Multi-National Forces – Iraq (MNF-I) Contributors (in addition to US)

Albania	Denmark	Latvia	Portugal
Armenia	El Salvador	Lithuania	Romania
Australia	Estonia	Macedonia	Slovakia
Azerbaijan	Georgia	Moldova	South Korea
Bosnia-Herzegovina	Italy	Mongolia	Ukraine
Bulgaria	Japan	Norway	UK
Czech Republic	Kazakhstan	Poland	

TOTAL ~ 23,000 Forces

*Note: Fiji participating as a part of the UN mission in Irag.

28 Countries and NATO

(including US)

Support Iraqi Stability Operations

[7.0] Promote Strategic Communications – Developments



Strategic Communications:

- •The US Embassy in Baghdad reached an agreement with the Al-Salam Peace and Development Center for Federalism Studies, a NGO headed by Judge Wa'el Abdel Latif, to produce a four-page newspaper insert focusing on the various aspects of democracy. These Iraqi-authored articles were inspired by the "Principles of Democracy," a series of one-page articles produced by Department of State, International Information Programs that provide an excellent overview of the founding principles of a democratic system. Democracy materials were included in Al-Sabah newspaper on July 17. The Al-Sabah newspaper was chosen because it is the leading daily Iraqi newspaper and widely respected by the intellectual community.
- •On July 11, NDI conducted advanced media training for four members of the Patriotic Union of Kurdistan (PUK)'s media department to assist in the development of their party's media strategy and maximize the PUK's existing media resources, including the television studio, newspapers, and radio stations. At the end of the session, participants said they would change the PUK's website and consider looking into other uses of their owned media resources.

[7.0] Promote Strategic Communications – Developments



Strategic Communications:

• National Democratic Institute (NDI), in cooperation with the *Iraqi Organization* for Human Rights Coordination and Iraqi lawyers, produced and printed 100,000 copies of the 37-page Constitutional Dialogue booklet that will be distributed to every participant of the constitutional dialogue program. The booklet was printed in Arabic and Kurdish and offers accessible yet detailed information on the definition of a constitution, its structures, key term, various interpretations of a constitution, the constitutional referendum, constitutional amendments, separation of powers, potential relationships between executive, judicial and parliamentary powers, federalism and human rights.

Iraq Weekly Status – General Information



• This brief draws from multiple sources. References are cited on the respective pages in the "Notes Page" section (View → Notes Page).

Please forward all questions and/or comments to <u>NEA-I-IPOG-DL@state.gov</u>